

Assembly Bill No. 1112

CHAPTER 487

An act to amend Section 17980 of, and to add and repeal Chapter 7.5 (commencing with Section 17997) of Part 1.5 of Division 13 of, the Health and Safety Code, relating to housing.

[Approved by Governor October 3, 2001. Filed with Secretary of State October 4, 2001.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1112, Goldberg. Substandard residential rental property: owner registration.

(1) The State Housing Law regulates buildings used for human habitation and requires specified governmental agencies to enforce building standards.

This bill would require, until January 1, 2004, a private owner of multiunit residential rental property in Los Angeles County to submit to, and maintain with, the county board of supervisors certain identifying information regarding the property where a code enforcement agency has recorded with the county recorder a notice of substandard conditions or other specified document. Failure to comply with the reporting requirements of the bill would be a misdemeanor and would allow a tenant to raise an affirmation defense in an unlawful detainer action, except as specified. By creating a new crime, this bill would impose a state-mandated local program.

The bill would require the County of Los Angeles, on or before July 1, 2004, to prepare and provide a report on the effectiveness of the reporting requirements of the bill to specified committees of the Legislature. By imposing additional duties on local officials, the bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs



so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds all of the following:

(a) There are approximately one million substandard housing units in the state.

(b) Substandard housing is disproportionately located in larger inner cities where lower income renters live in the oldest, most neglected, overcrowded housing.

(c) In recent years, local code enforcement agencies have increased their activities to address the growing number of substandard units.

(d) Local code enforcement agencies have found it difficult, if not impossible, to locate the owners of substandard properties to obtain abatement of the substandard conditions.

(e) In efforts to hide true legal ownership, these owners have been known to create sham corporations, limited liability partnerships, out-of-state or offshore corporations, or family trusts.

SEC. 2. Section 17980 of the Health and Safety Code is amended to read:

17980. (a) If any building is constructed, altered, converted, or maintained in violation of any provision of, or of any order or notice that gives a reasonable time to correct that violation issued by an enforcement agency pursuant to, this part, the building standards published in the California Building Standards Code, or other rules and regulations adopted pursuant to this part, or if a nuisance exists in any building or upon the lot on which it is situated, the enforcement agency shall, after 30 days' notice to abate the nuisance, institute any appropriate action or proceeding to prevent, restrain, correct, or abate the violation or nuisance.

(b) (1) Whenever the enforcement agency has inspected or caused to be inspected any building and has determined that the building is a substandard building, the enforcement agency shall commence proceedings to abate the violation by repair, rehabilitation, vacation, or demolition of the building. The enforcement agency shall not require the vacating of a residential building unless it concurrently requires expeditious demolition or repair to comply with this part, the building standards published in the California Building Standards Code, or other rules and regulations adopted pursuant to this part. The owner shall have the choice of repairing or demolishing. However, if the owner chooses to repair, the enforcement agency shall require that the building be brought into compliance according to a reasonable and feasible schedule



for expeditious repair. The enforcement agency may require vacation and demolition or may itself vacate the building, repair, demolish, or institute any other appropriate action or proceeding, if any of the following occur:

- (A) The repair work is not done as scheduled.
- (B) The owner does not make a timely choice of repair or demolition.
- (C) The owner selects an option which cannot be completed within

a reasonable period of time, as determined by the department, for any reason, including, but not limited to, an outstanding judicial or administrative order.

(2) In deciding whether to require vacation of the building or to repair as necessary, the enforcement agency shall give preference to the repair of the building whenever it is economically feasible to do so without having to repair more than 75 percent of the dwelling, as determined by the enforcement agency, and shall give full consideration to the needs for housing as expressed in the local jurisdiction's housing element.

(c) (1) Notwithstanding subdivision (b) and notwithstanding local ordinances, tenants in a residential building shall be provided notice of any violation described in subdivision (a) which affects the health and safety of the occupants and which violates Section 1941.1 of the Civil Code, an order of the code enforcement agency issued after inspection of the premises declaring the dwelling to be substandard, the enforcement agency's decision to repair or demolish, or the issuance of a building or demolition permit following the abatement order of an enforcement agency.

(2) Notice pursuant to this subdivision shall be provided to each affected residential unit by the enforcement agency that issued the order or notice, in the manner prescribed by subdivision (a) of Section 17980.6.

(d) All notices issued by the enforcement agency to correct violations or to abate nuisances shall contain a provision notifying the owner that, in accordance with Sections 17274 and 24436.5 of the Revenue and Taxation Code, a tax deduction may not be allowed for interest, taxes, depreciation, or amortization paid or incurred in the taxable year. In addition, in Los Angeles County, the notice shall contain a provision notifying the owner that within 10 days of recordation of a notice of substandard conditions or similar document, the owner is required to comply with Section 17997.

(e) The enforcement agency may charge the owner of the building for its postage or mileage cost for sending or posting the notices required to be given by this section.

SEC. 3. Chapter 7.5 (commencing with Section 17997) is added to Part 1.5 of Division 13 of the Health and Safety Code, to read:



CHAPTER 7.5. REGISTRATION OF OWNERS OF SUBSTANDARD
RESIDENTIAL PROPERTY

17997. (a) Where a code enforcement agency has recorded with the county recorder a notice of substandard conditions pursuant to Section 17985, of a substandard building, as defined in Section 17920.3, or other document stating that a multiunit residential rental property, owned by a nongovernmental entity, is untenable, the private owner of that building shall, within 10 days of recordation, submit to, and maintain with, the Board of Supervisors of Los Angeles County or its designee, in a manner to be determined by the board or its designee, the following information:

(1) The name, address, telephone number, and California driver's license number or identification card number of the property owner, if a California resident.

(2) If the property is owned by a corporation, limited liability company, partnership, limited partnership, trust, or real estate investment trust, the owner shall designate a person who resides in this state and who manages the property. The owner shall designate this person in a manner to be determined by the Board of Supervisors of Los Angeles County or its designee. This designation shall be accompanied by a notarized statement by this designated person that she or he accepts the designation. The information shall include the name, address, telephone number, and California driver's license number or identification card number of the person who manages the property. Where applicable, the same information for the following person shall be provided:

(A) For a corporation, a corporate officer.

(B) For a limited liability company, the managing or administrative member.

(C) For a partnership or a limited partnership, a general partner.

(D) For a trust, a trustee.

(E) For a real estate investment trust, a general partner or an officer.

(3) If the property is owned by a person who resides outside this state, the owner shall designate with the Board of Supervisors of Los Angeles County or its designee a person who resides in this state and who manages the property. The owner shall designate this person in a manner to be determined by the board or its designee. This designation shall be accompanied by a notarized statement by the designated person that accepts the designation. The information shall include the name, address, telephone number, and California driver's license number or identification card number of the person.

(4) The street address and parcel number of the property.



(5) The year that the building was built.

(6) The number of units in the building.

(b) The owner shall update the information required by this section within 10 days after there is a change in the information.

17997.2. All records, files, and documents that are required by this chapter shall be available only to local code enforcement officials and tenants of the subject premises, except that the department may disclose only the owner's name and address to the subject property's tenants.

17997.3. In an action brought pursuant to Section 1161 of the Code of Civil Procedure, the tenant may raise as an affirmative defense the owner's failure to comply with Section 17997, unless the proceeding is brought pursuant to Section 11571.1.

17997.5. Nothing in this chapter shall prevent a local government body from adopting and enforcing laws consistent with this chapter. Where local laws duplicate or supplement this chapter, this chapter shall be construed as providing alternative remedies and not preempting the field of the subject matter.

17997.6. A person who fails to comply with Section 17997 is guilty of a misdemeanor and shall be punished by imprisonment in the county jail not exceeding six months, or by a fine not exceeding five thousand dollars (\$5,000), or both.

17997.7. The County of Los Angeles shall, on or before July 1, 2004, prepare and provide a report to the Assembly Committee on Housing and Community Development and the Senate Committee on Housing and Community Development on the effectiveness of the reporting requirements described in this chapter. The report shall include, but not be limited to, the number of notices of substandard conditions recorded, the number of owners or agents registered, the number of owners prosecuted for failure to comply with this chapter, and the number of affected rentals. In addition, the report shall contain an analysis of the effectiveness of the pilot program in identifying owners of substandard residential rental properties and obtaining abatement of code violations. The county board of supervisors shall consult with local code enforcement officials, prosecutors, tenant advocate organizations, and apartment owner associations in the preparation of the report.

17997.8. This chapter shall apply only to the County of Los Angeles as a pilot project and shall remain in effect only until January 1, 2005, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2005, deletes or extends that date.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because in that regard this act creates a new crime or infraction, eliminates a



crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

However, notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

